

Securities

Government
Publications



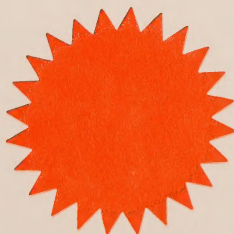
Ontario Department of Financial and Commercial Affairs
Commission

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Ontario, Financial
and commercial
affairs dept.





Putting your money to work

Everyone with an income has to make decisions as to how to spend it. Once we have paid the expenses of living—shelter, food, clothing, entertainment—and provided for life insurance and emergency cash, we may have money remaining in the form of savings or a surplus of current income. Putting such money to work by investing it is practised by many who manage their resources well.

There are excellent opportunities for investment in Canada and Ontario. This is usually done by the purchase of securities, that is, stocks, bonds and debentures, or any paper or certificate which can be bought and which represents ownership or interest in a business or property.

This brochure is intended to provide useful guidance for the prospective investor. More detailed information can be obtained from this Department on request.

Hon. H. L. Rowntree, Q.C., Minister

1. Tailor your investments to your needs

In planning your investments you should take into account your own particular circumstances and your own special needs. These vary with age, income, family and plans for the future.

For example, a young couple with children and a moderate income would likely be more interested in seeing their relatively few investment dollars increase over the years. They would logically invest for long-term growth. On retirement, however, that same couple would become more interested in income from investments in the form of dividends.

Most investors wisely attempt to purchase securities which will offer a combination of income, growth and safety that is suited to their needs.

2. Understand the risk

There is always some risk in investment. This varies from the comparatively high risk of "speculative" stock, whose worth is more dependant on the ups and downs of the market than on the merits of the property or business it represents—to the relative stability of government bonds.

An investor must understand that in addition to a prospect of gain, there is always a possibility of loss. Registration with the Ontario Securities Commission does not mean a stock carries any reduced risk, nor is it a guarantee of the success of any venture.

3. Get all the facts

Whenever a security is being sold, reliable and complete information is always available. Make sure you get it. Never buy on the strength of rumours, which may be started by those who stand to benefit from them.

4. Don't be high-pressured

Investment is never an emergency proposition, so don't allow yourself to be hurried into buying by promises of quick profits. The high-pressure salesman usually appears to be in a hurry and may urge you to "buy now, before the market goes up." He will paint a picture of large, quick profits probably not at all warranted by the facts. When dealing with such a person, ask him to put any representations he makes into writing. If he won't, don't buy.

5. Know the firm

Ask people or firms you trust about the reputation of any firm with which you are not familiar. It is important to



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you that the firms with which you deal be genuinely interested in you as a prospective client and not merely as a one-time buyer.

6. Beware of door-to-door or telephone offerings

Buying securities deserves as much thought as buying a new car—perhaps more, depending on how much you are prepared to invest. It is too serious a matter to be conducted casually on the telephone. All the parts of a security purchase should be recorded in writing.

Unless a salesman is your personal friend, or you are an established customer of his, or you have written for information about the securities he is selling, it is against the law for him to telephone or call at your home for the purpose of selling. Any questionable conduct should be reported to the Ontario Securities Commission.

7. Learn more about investments

Learning the intricacies of investing can save you money. Taking an interest in the financial pages of your newspaper, and subscribing to a financial periodical, can help you to base your decisions on objective analysis rather than on hunches or tips.

Some investment advisers recommend an “apprenticeship” period of about a year before actually buying any securities. This can be done by “paper investing”—that is, recording investments you would make, after careful consideration, and keeping tabs on them over a period to see what you would have gained or lost.

Courses in investment are offered by some Community Colleges and in some adult-education programs. Information is also made available in pamphlet and book form by the Toronto Stock Exchange, the Broker Dealers and the Investment Dealers Association. Your local library can probably provide you with some useful books on the subject.

Ontario Securities Commission

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Department of Financial and Commercial Affairs

Government of Ontario